



Membership Report | July 2019

Agenda

- Financial Commentary
 - 2019 Budget/Actual Net Income
 - Actual/Budget Variance
 - Total Managed Assets – On- & Off-Balance Sheet
- 2Q Financial Review
 - Non-Interest Income Trends
 - Operating Expense Trends
 - Coverage Ratio
- Liquidity Commentary
 - Historical Member Overnight Deposits
 - 2019 Average Monthly Member Borrowings
- Interest Rate Risk/Net Economic Value Report – May 2019
- Capital Commentary
- Board Meeting Recap
- Calendar of Events – August 2019



Financial Commentary

Net Income for June was \$317,394, above budget by \$57,275 or 22.0% for the month. Net interest income was \$9,875 or 1.7% above budget due to higher balances. Non-interest income was more than budget \$21,668 or 5.6% due primarily to higher commission income. Operating expenses were lower than budget by \$22,786 or 4.0% due primarily to salaries and previously accelerated annual meeting accruals. CUSO income was under budget by \$1,510 or 25.2%. Other gains/losses and PCC dividends were under budget by \$4,455 or 3.3%. The year-to-date coverage ratio (fee income/operating expenses) is 72.2%, slightly higher than the goal of 71.7%.

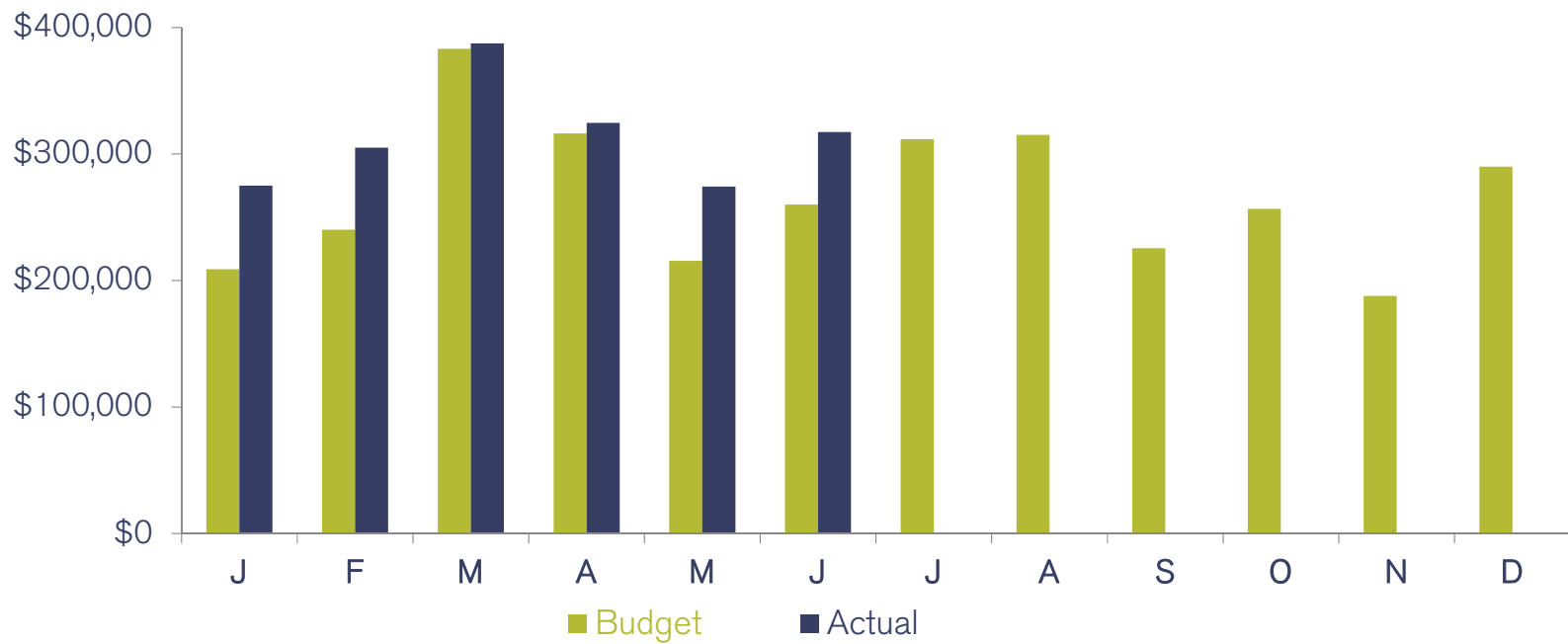
Return on Assets (ROA) is in-line with the budget as the year-to-date ROA after June is 51.6 bps on average assets of \$728.4 million for the first half of the year.

Millennium Corporate's daily average net assets (DANA) for the previous 12-month period – which is used for the calculation of our capital ratios – was \$634.6 million at the end of June, an increase of \$12.9 million from the previous month.

Millennium Corporate is defined as “Well Capitalized” and we ended the month with Retained Earnings of \$18,387,023, representing a Retained Earnings ratio of 2.90% and a Tier 1 ratio of 10.99%.



2019 Budget/Actual Net Income



YTD Actual/Budget Variance | Dollars

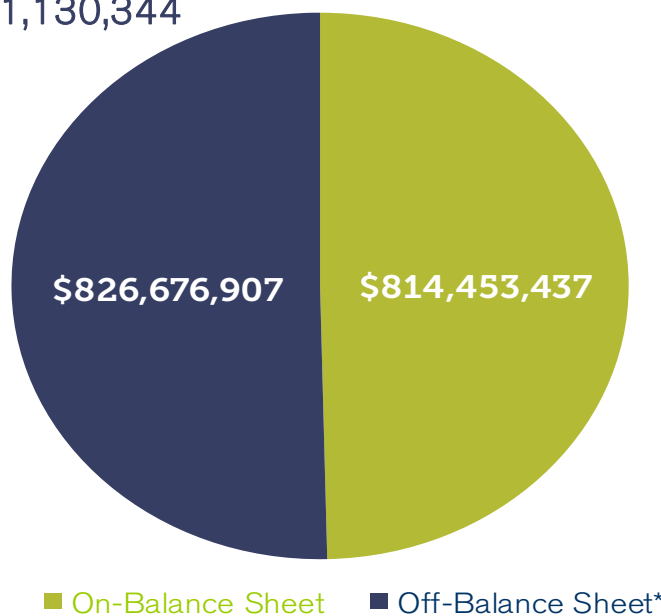
June 2019 YTD <i>(In Thousands)</i>	Actual 2018	Budget 2018	Variance
Net Interest Income	\$3,632.3	\$3,421.1	\$211.2
+ Non-Interest Income	\$2,440.8	\$2,435.5	\$5.3
- Operating Expenses	\$3,382.4	\$3,412.3	\$29.8
= Net Operating Income	\$2,690.7	\$2,444.3	\$246.4
+ CUSO Gains/Losses	\$39.0	\$39.5	(\$0.5)
- Potential Patronage Rebate	\$75.0	\$75.0	\$0.0
- PCC Dividends	\$770.6	\$784.3	\$13.7
+ Other Gains/Losses	\$0.0	\$0.0	\$0.0
= Net Income	\$1,884.1	\$1,624.5	\$259.6



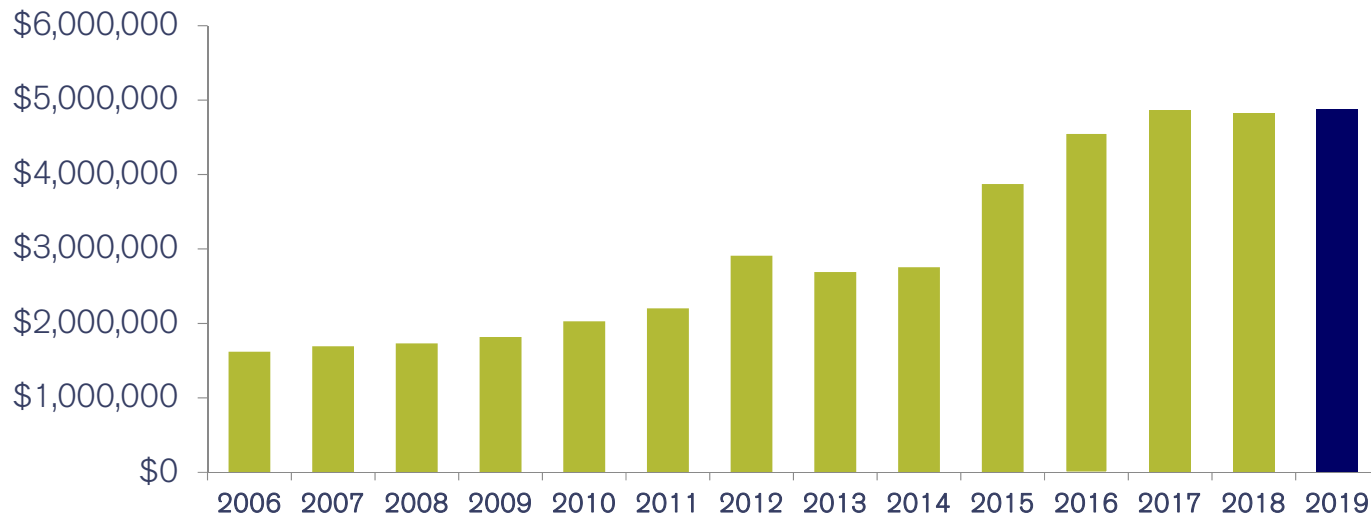
Total Assets | On- and Off-Balance Sheet

June 2019

Total Managed Assets - \$1,641,130,344



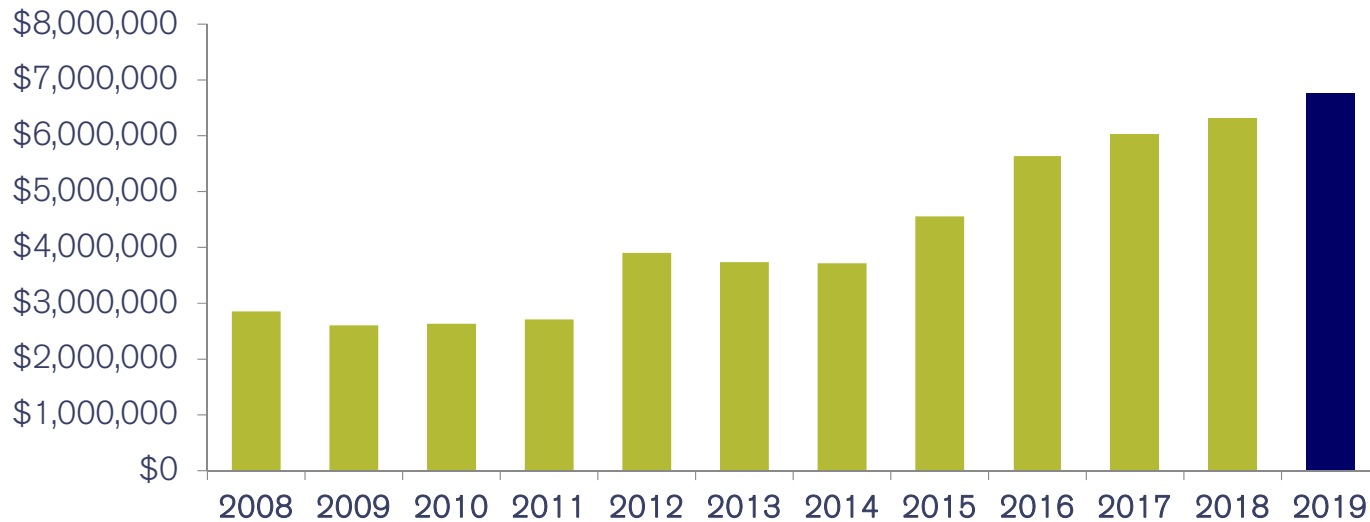
Annualized Non-Interest Income Trends



The 2019 budget projected only a slight increase in Non-Interest Income compared to the previous year. After the first half of the year, non-interest income is on pace to exceed the budget by 0.2%.



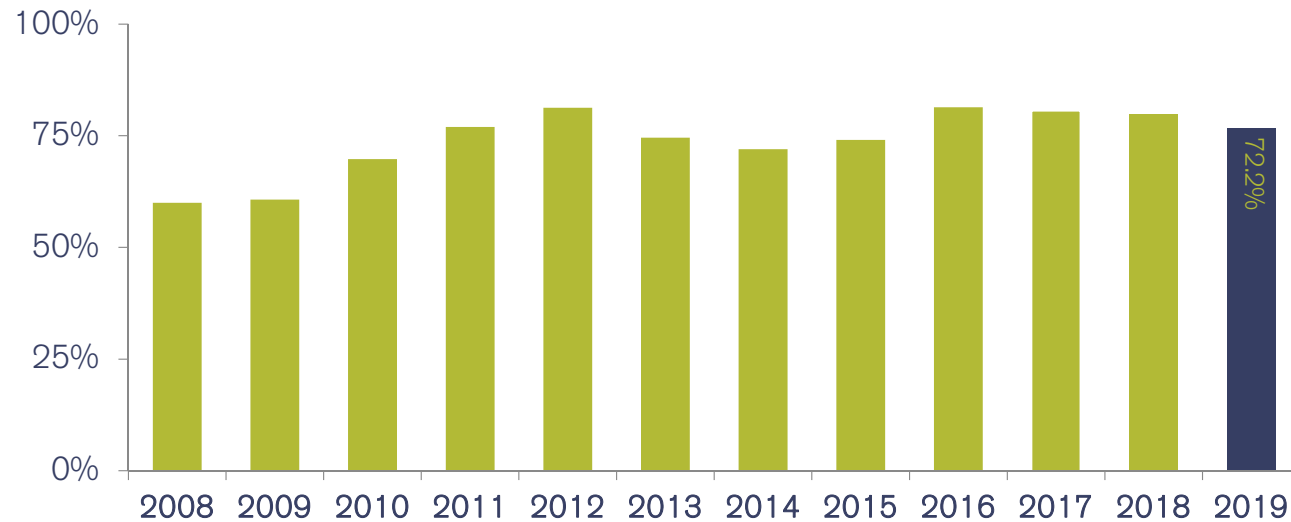
Annualized Operating Expense Trends



Operating Expenses are lower than budgeted due primarily to salaries and financial services – off-setting the higher promotion expenses for “Open Your Eyes Initiative” and AIM marketing. After the first half of the year, operating expenses are \$29,823 or 0.9% less than budget.



Coverage Ratio | Fee Income/Operating Expenses



The 2019 Coverage Ratio was budgeted to decline to 71.7% - but for the first half of the year, the actual ratio was 72.2% due to better non-interest income.



Liquidity Commentary

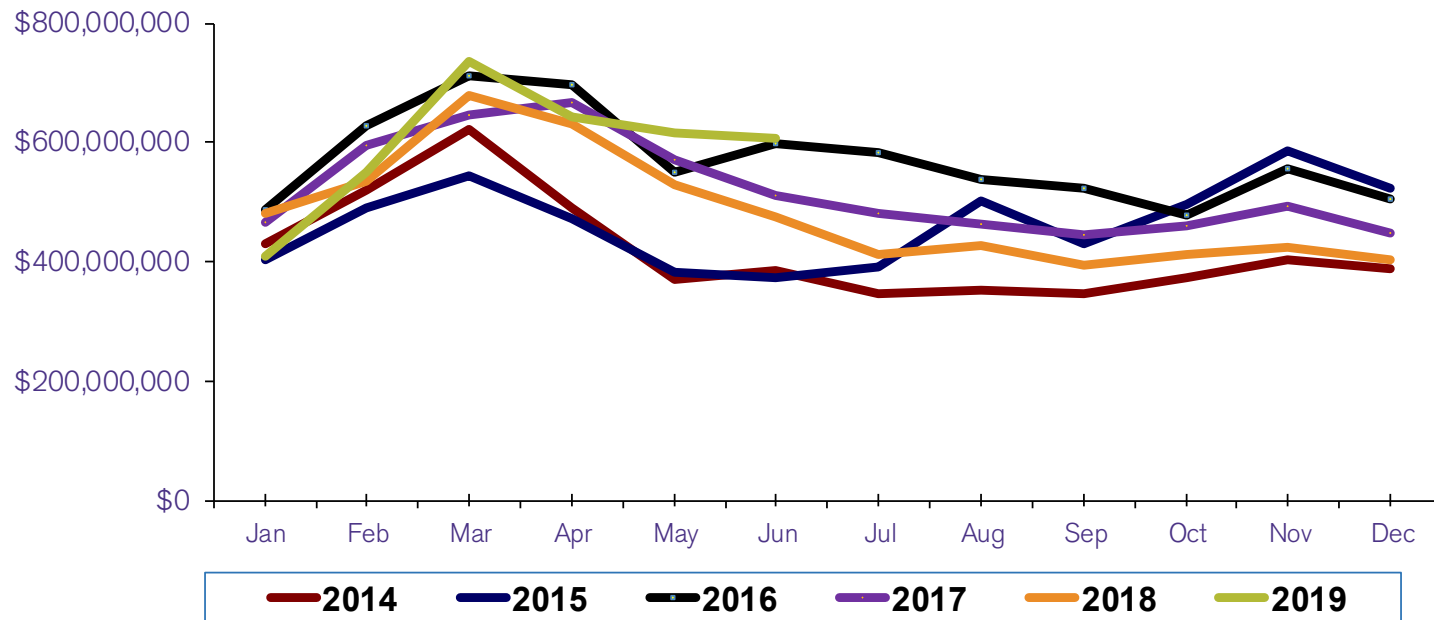
Millennium Corporate did not access our FHLB Line-of-Credit (LOC) in June 2019. Millennium Corporate currently has a Collateralized LOC of \$225.0 Million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- Loan balances averaged \$12.8 million in April; averaged \$24.9 in May; averaged \$25.6 million in June and have averaged \$26.2 million during most of July.
- June 2019 month-end figures show SimpliCD issuance totals of \$167.3 million and 26 users of this liquidity option.

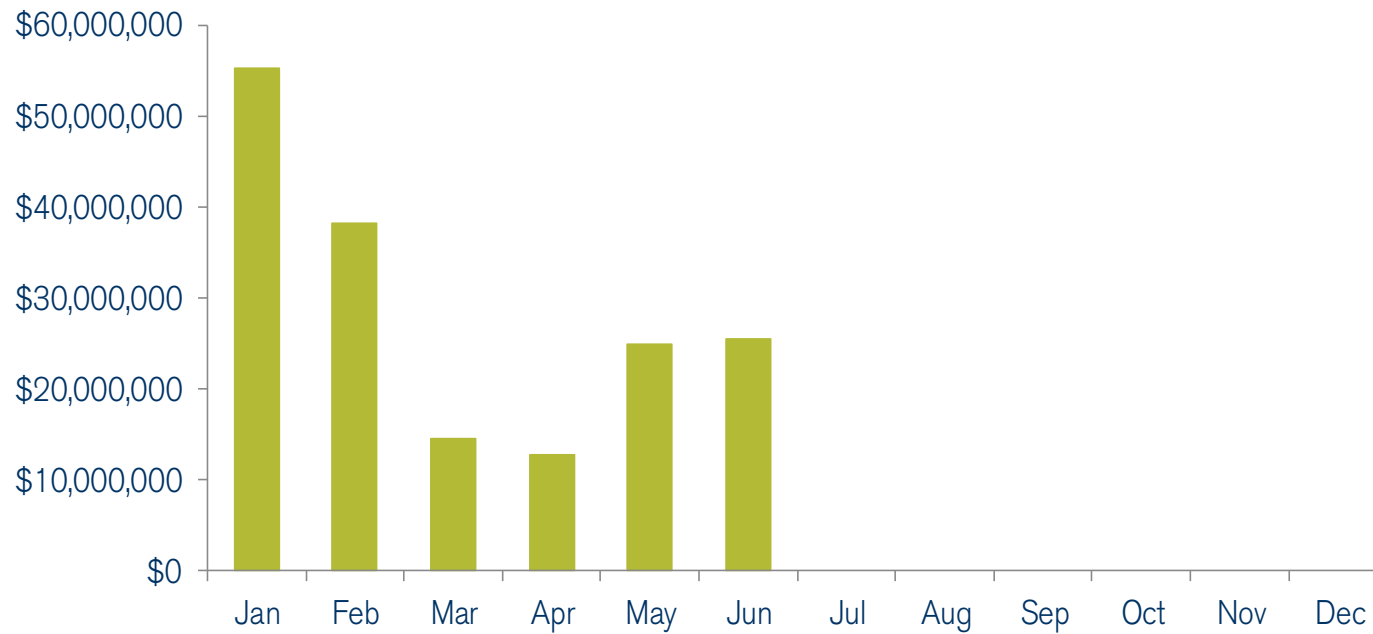
Graphical representations of the seasonal activity of member overnight deposits since 2014, and average member borrowing activity for 2019 follow this commentary.



Historical Member Overnight Deposits



2019 Average Monthly Member Borrowings



IRR | Net Economic Value (NEV)

NEV Testing Results May 2019						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
-300 bps Increase in Interest Rates	\$73,460,949	+ \$425,291	+ 0.58%	8.25%	Minimum Ratio - 2%	PASS
					Max % Change - (15%)	PASS
Base Case	\$73,035,658	-	-	8.21%	Minimum Ratio - 2%	PASS
+300 bps Increase in Interest Rates	\$72,271,666	(\$763,992)	(1.05%)	8.14%	Minimum Ratio - 2%	PASS
					Max % Change - (15%)	PASS

Millennium Corporate passes both the required minimum NEV ratio and the maximum change limitation in the +300 rate shock scenarios.



Capital Commentary

- Increase to Retained Earnings during the past 12 months, through June 2019, is \$3,628,794
- Retained Earnings ratio is 2.90% as of June 2019 versus 2.44%, one year ago
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate's June 2019 capital ratios, and the minimum regulatory requirement of each (where applicable).
 - Retained Earnings Ratio – 2.90% | Minimum Requirement – 1.00%
 - Tier 1 Capital Ratio – 10.99% | Minimum Requirement – 4.00%
 - Tier 1 Risk-Based Capital Ratio – 90.93% | Minimum Requirement – 4.00%
 - Total Risk-Based Capital Ratio – 90.93% | Minimum Requirement – 8.00%
 - GAAP Capital – 11.44%



Board Meeting Recap

Board of Director's Meeting – July 26, 2019

- Approved June 2019 Financial Statements & Committee Reports
- Approved May 2019 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management..
 - Corporate CU Alliance meetings on July 15-16 in Alexandria, VA to meet with all three NCUA Board members, ONES staff, CUNA, NASCUS and NAFCU
 - Results of the Automated Cybersecurity Examination Tool (ACET) examination/review KDCU/NCUA conducted in June
 - Millennium participated in the biennial meeting of Montana CU's with state and federal regulators
 - Millennium co-sponsored with CUNA Mutual Group the Heartland CU Association CEO Summit in KC
 - Demo'd the new AIM website – click & buy functionality – portal for uploading & downloading reports
 - Reviewed the CEO Survey that will be sent to the membership in August
 - Discussed anticipated FOMC rate changes
 - July PCC rate will be 2.90% - 0.50% higher than the fed funds effective



Board Meeting Recap

Board of Director's Meeting – July 26, 2019

- Millennium has a tradition of ethical conduct and high integrity on the part of its volunteers and others associated with the operation of the credit union. Based on past discussions, the Board approved a Code of Conduct Policy.
- Management reviewed the status of the 2019 Measures and Targets as of the end of June
- Board completed training for AML/BSA, USA Patriot Act and OFAC – conducted by Lori Domian, Millennium Compliance Officer.



August 2019

Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
29	30	31	1	2
5 Millennium ERM Committee Meeting	6	7 Millennium Credit Committee Meeting	8	9
12	13	14	15	16
19	20	21	22 Millennium ALCO & Board Meetings	23
26 Millennium Supervisory Committee Meeting	27	28	29	30